

January 2026

A NEW YEAR BUILT ON CONVICTION, NOT CHANCES

Dear Clients,

As 2025 draws to a close, India stands on firm economic ground not by chance, but by conviction. Real GDP expanded at an impressive 8.2% in Q2 FY25-26, marking a six-quarter high and reaffirming the country's position as the world's fourth-largest economy. Inflation cooled to 0.71% in November, creating a rare blend of high growth and low-price pressures; what policymakers aptly describe as a Goldilocks moment.

Behind this stability lies a web of structural shifts. Fiscal discipline, accommodative monetary policy, and sustained reforms in areas like GST simplification, labour flexibility, MSME credit flows, and renewable energy have strengthened the foundations of growth. Even as external headwinds from volatile crude prices to shifting global trade patterns tested resilience, India defied expectations through robust domestic demand, record forex reserves (~\$693 billion), and healthy job creation.

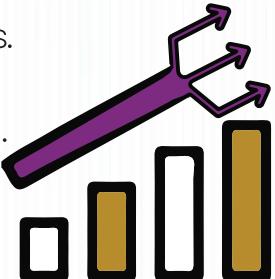
Financial markets mirrored this story of balance and transition. Gold and silver outperformed, though for opposing reasons - gold as a hedge against global uncertainty, and silver as a bet on industrial revival. Together, they illustrated the wider economic narrative: safety and growth can coexist when fundamentals are sound.



And so, as we step into 2026, the sentiment is clear, stability has replaced fragility and opportunity has replaced hesitation. For us, this new year is not about chasing momentum but positioning portfolios toward consistency, reform-driven growth, and real asset resilience.

At our PMS, we follow a three-role portfolio construct designed to balance conviction with adaptability:

- **Stable:** Stocks that anchor the portfolio. They are the market matchers that provide dependable performance through varying cycles.
- **Growth:** The steady compounders. They are the businesses with predictable earnings trajectories and strong reinvestment potential.
- **Multiplier:** They are the select high-conviction names we believe can evolve into future multibaggers, driven by structural tailwinds and business model scalability.



This blend allows us to participate meaningfully across India's evolving economic landscape while maintaining focus on long-term wealth creation.

REFLECTIONS ON THE MONTH GONE BY

Our portfolio, much like the economy it mirrors, had its standout leaders and quiet laggards this month. National Aluminium Company and Navin Fluorine took the lead, reflecting strength drawn from both global trends and company-specific execution. Meanwhile, Amber, Dixon, and Syrma experienced a period of consolidation, a pause before potential renewed momentum.

Global aluminium prices firmed up to multi-year highs on the LME, supported by tighter supply and consistent industrial demand. This favourable commodity cycle translated into strong momentum for National Aluminium Company, reaffirming its position as a key beneficiary of the global commodity upcycle and industrial revival.



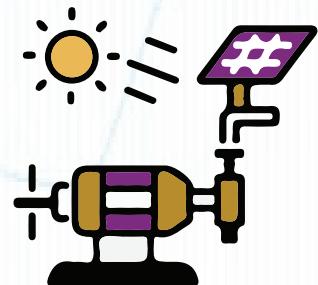
Navin Fluorine continued to deliver exceptional performance, outpacing most of its chemical sector peers. Its emphasis on high value fluorochemicals, timely capacity expansions, and a growing order pipeline particularly in the CDMO and HFC segments have fuelled strong revenue and margin growth. With these structural levers in place, Navin remains one of our high-conviction compounders heading into 2026.

On the other hand, Amber, Dixon, and Syrma experienced short-term pressure. The EMS sector, which had seen meaningful FII participation, witnessed profit-taking as the rupee weakened, triggering a sector-wide correction. We view this as a temporary change rather than structural one, a natural pause after a substantial rally in the mid-cap manufacturing space.



SHIFTS THAT SHAPE TOMORROW

We recently added **Shakti Pumps** to our portfolio as a multiplier stock. With strong capabilities in solar and submersible pumps and growing participation in government-led rural projects, Shakti Pumps stands well-positioned to benefit from India's clean energy and rural growth momentum. The company is executing a ₹1,700 crore capex plan to expand manufacturing, diversify into EV components, and double its revenue capacity within the next 2–3 years.



As we fine tune our portfolio for sustained outperformance, we made selective exits this month which reflects our disciplined approach to conviction-led positioning and realigning towards stocks that best embody our value migration theme.

These decisions were guided by three clear principles:

1. We realized the intended upside and chose to book profits where our return expectations were fulfilled.

2. Our investment thesis evolved, either due to changes in management delivery or shifts in underlying business fundamentals.
3. We identified higher-conviction opportunities offering stronger long-term potential aligned with our evolving outlook.

Each exit reinforces the philosophy that informed, timely reallocation is not about exiting positions; it's about enhancing portfolio quality and sharpening focus on conviction-driven ideas.

Note: The stocks mentioned above are part of a broader stock universe of approximately 50 stocks that we actively track. Individual portfolio holdings may vary based on factors such as market conditions, portfolio strategy, and timing of entry. These stocks are highlighted for reference and may not be present in all client portfolios.

THE WAY FORWARD



As we move into 2026, our approach centers on a high-conviction portfolio aligned with enduring value and growth potential. We aim to see our carefully crafted storyboards come to life by identifying potential multibagger opportunities capable of driving sustainable, superior wealth creation. Guided by clarity, discipline, and patience, we stay anchored in fundamentals and execution, turning conviction into tangible outcomes for our investors.

Thank you for sharing this journey with us as we look forward to the opportunities the new year will bring.

Happy New Year!

**Warm regards,
Team Hedge**

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